

**Amend Revenue and Taxation Code Section 6069 of the Sales and Use Tax Law to increase the reinstatement fee on revoked seller's permits from fifty dollars (\$50) to one hundred dollars (\$100).**

**Source: Sales and Use Tax Department**

**Existing Law**

Under the law, every person engaged in the business of selling tangible personal property of a kind the gross receipts from the retail sale of which are subject to tax is required to apply to the Board for a seller's permit. There is no fee charged for a seller's permit. Whenever a person that has obtained a seller's permit fails to comply with any of the provisions of the law under which that permit is held, existing law authorizes the Board, upon hearing for which 10 days notice has been given, to revoke the permit.

Cause for revocation may be due to a taxpayer's failure to file returns and pay the tax, failure to pay a delinquent balance, failure to post the required security, failure to keep or make available proper records, or for violation of any provision of the Sales and Use Tax Law. Under the law, a seller whose permit has been revoked for failure to comply with the law is required to pay a fee of fifty dollars (\$50) to reinstate the permit.

**This Proposal**

This proposal would increase the reinstatement fee for revoked permits from \$50 to \$100.

This proposal is intended to both encourage taxpayer compliance with regard to the timely filing of returns and payment of sales and use tax liabilities as well as to defray the Board's costs associated with revoking and reinstating seller's permits. This reinstatement fee was first added to the law in 1941 and was set at \$1. The fee was increased in 1966 to \$15, and the Board sponsored legislation in 1986 to increase the fee to \$50. Due to the rate of inflation since 1986, the equivalent reinstatement fee would be about \$95 today. Therefore the proposed \$100 change would be consistent with the rate of inflation since the last increase.

*Section 6069 of the Revenue and Taxation Code is amended to read:*

6069. A seller whose permit has been previously suspended or revoked shall pay the board a fee of ~~fifty dollars (\$50)~~ one hundred dollars (\$100) for the renewal or issuance of a permit.